



ADVISOR



TEACHERS, EMPLOYEES, PUBLIC, STATE POLICE AND JUDICIAL

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SERVING OVER 320,000 MEMBERS

December 2008



WOW #1 and #2

According to the readers of *Golf World*, the best public golf courses in the country are along Alabama's Robert Trent Jones Golf Trail. Normally after a project like the RTJ Trail has been around for nearly 15 years, an award this high is only a dream.

The last issue of *Golf World* unveiled the publication's first Readers' Choice Awards in three categories: public golf, private golf and resort golf. For public golf, the top two locations in the country are both in Alabama, with Mobile placing #32. Opelika's Grand National site was ranked #1, while Prattville's Capitol Hill was ranked #2, while sites in New Mexico, Ohio, North Carolina, Las Vegas, Michigan, Florida, Maryland and South Carolina made up the remaining top 10.

"Tapping into the knowledge of our most valuable resource – our readers – *Golf World* spent nearly six months gathering data on golf establishments throughout the country, evaluating them across multiple criteria to identify the nation's premier facilities," said Geoff Russell, editor-in-chief. "When all was said and done, we received more than 21,000 individual golf course ratings and more than 252,000 criteria evaluations," said Russell.

"Certainly, we weighted the quality of the golf heavily, but we included for consideration those other variables that account for the facility's overall experience," said Russell. "What is the service like? How are the hotel accommodations? Is the speed of play quick enough to make things enjoyable?"

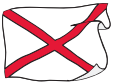
"The Trail has always been known for great golf and value," said Dr. David G. Bronner. "These newest rankings show we have great golf and the service and amenities to go along with these exceptional courses. With rankings like this one and being named the top golf value destination in the country by *Golf Digest*, we hope to introduce even more people to golf in Alabama."

For more information and a complete list of winners, visit www.golfworld.com. To learn more about all 11 locations on the RTJ Golf Trail, visit www.rtgolf.com. ■



Our Country, Our State

By David G. Bronner



The elections and all the smoke and mirrors that elections naturally create are over. What is not over is that our national problems are about to hit us face on. These problems, which include two wars and a financial crisis only exceeded by the Great Depression, represent a very tough hill to climb over the next ten years. Ignored are the constantly growing, "old" problems of Social Security and Medicare. Currently, no one knows the "size" or "depth" of these economic problems. That makes them extremely difficult to solve when you are unable to determine their full scope. Hopefully, the next 60-90 days will tell us the magnitude of these problems.

Alabama made a wise decision in utilizing the Oil and Gas Trust Fund, Alabama's rainy-day savings account, to keep Alabama progressing forward over the next few critical years. Unfortunately, I believe our national economy will be dancing down the razor blade of life for the next few years. While Alabama cannot control the world or Washington, it must do whatever is necessary to continue its spectacular progress of the last 15 years!

Although the fiscal year 2007 annualized returns were great and positive at +17.5% (TRS), and +17.9% (ERS), the 2008 fiscal year returns were bleak and negative at -15.36% (TRS), and -15.21% (ERS). ■

Retirement Systems of Alabama

Projected Retirement Employer Cost

(M = Millions)

	ACTUAL 2007-08	ESTIMATED 2008-09	ESTIMATED 2009-10
RETIREMENT:			
Teachers' Employer Cost	\$717 M	\$761 M	\$789 M
Employees' Regular – State	\$160 M	\$195 M	\$200 M
Judicial	\$10 M	\$10 M	\$11 M
TOTAL Retirement Cost	\$887 M	\$966 M	\$1,000 M

Public Education Employees' Health Insurance Plan Projected Insurance Employer Cost

	ACTUAL 2007-08	ESTIMATED 2008-09	ESTIMATED 2009-10
HEALTH CARE:			
Regular – Paid by Employers	\$962 M	\$933 M	\$999 M
Universities for Retirees	\$40 M	\$43 M	\$47 M
TOTAL Health Care Cost	\$1,002 M	\$976 M	\$1,046 M

Note: Claims costs and funding requirements for 2009-10 are based on 2007-08 data (the most recent historical data available). Therefore, the estimates are projected for two years from the actual experience period. These projections assume that the distributions of members by type of coverage selected will remain the same as the current distribution. Variation in actual occurrences from actuarial assumptions could dramatically affect these Employer Cost estimates.

Pension Aftershocks from the Market Quake

By Girard Miller, *Governing Magazine*

The past month has been a miserable period for pension-fund trustees, retirement-plan administrators, and individual retirement investors. Collapsing stock markets wiped out hundreds of billions of long-term savings and pension fund assets that may not quickly recover, as all signs point to a recession that could further erode investment portfolios. The media is having a field day with questions like "How much have you lost?" Retirees are nervous about the safety of their pension funds – and the prospect that COLAs will become the dodo birds of public finance because there is no money to pay for them. Public employers have only begun to contemplate the increased costs they will face in the future as a result of the market's devaluation of pension portfolios. Class-action attorneys are circling the public pension plans to find "lead clients" to file suit against bankrupt Wall Street firms.

...Plunging pension-plan funding ratios. In little more than a month's time, the stock market has undone an entire generation's worth of systematic actuarial funding in public pension plans. The results will become painfully visible with the 2009 round of actuarial reports which would show the average public pension plan's funding ratio dropping from 85 percent to somewhere closer to 65 percent before "actuarial smoothing."

Unless stock prices recover significantly before then, the average plan's unfunded actuarial accrued liabilities will more than double, and taxpayers will be presented with sharply increased costs to maintain the pension plans.

...These deadlines in the funding ratios will show up in the next actuarial report as an increase in the plan's unfunded accrued liabilities, which will then be amortized by the actuary (generally over 20-30-years) to recalculate the required employers' contribution rate going forward. If plans were 15 percent underfunded before, and now are 35 percent underfunded, the employer's annual costs for unfunded liabilities will more than double. Depending on the plan, this could represent a cost increase of roughly two percent of payroll for many state and local governments.

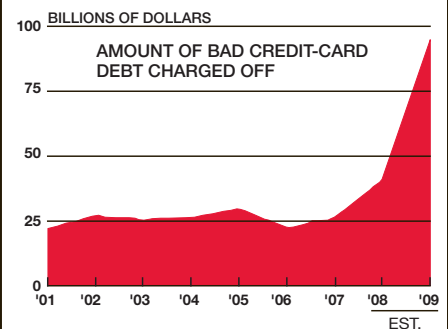
...The "Perfect Storm" of retirement finance. These increased pension costs will hit municipal budgets at the same time that most public employers must start funding their retiree medical plans known as OPEB (for "other post-employment benefit") plans. The combined effect in many public agencies will be more than 5 percent of payroll (and considerably more in some cases) – a huge cost increase that could impair the ability of these employers to grant salary increases in the next year or two. This double whammy of added retirement

plan expenses will potentially make most governments' overall retirement systems unsustainable for the long term. The necessary revenues simply are not there to fulfill these increased contribution requirements.

Something has to give, and I suspect it will be the following: Employers will be compelled to pass along part of the increased costs of these unfunded liabilities to employees through increased employee contributions to pension and OPEB plans. Many OPEB plans must be redesigned to reduce their actuarial costs to sustainable levels. Cost-of-Living Allowances in some pension funds will be reduced or eliminated. . . . ■

BAD DEBT

The pile of rotten credit-card debt is mounting

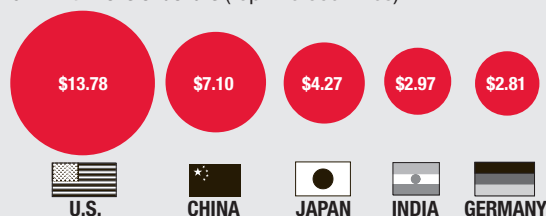


Data: Innovest

CONVENTIONAL MEASURES OF U.S. POWER

When it comes to economic size and military spending, the United States remains No. 1.

GDP in trillions of dollars (top five countries)



Military expenditures in billions of dollars (top five countries)



Note: Figures based on purchasing power parity

Sources: Stockholm International Peace Research Institute, CIA

*estimated figure

WANT TO HELP?

A FREE Car Tag



Tired of that worn-out dealer tag on the front of your car? Would you like to help the RSA and our Alabama Tourist Department advertise "Alabama's Robert Trent Jones Golf Trail" on your front bumper? If so, call Tisha to request a tag at 334-517-7100, or 877-517-0020, or write:

Tag | P.O. Box 302150
Montgomery, AL 36130-2150

Why Allow Alabama To Outshine North Carolina?

By Jim Hughes, *Metro Magazine*

One great idea thrust Alabama into the front ranks of America's top golf destinations. It's called the Robert Trent Jones Golf Trail, a chain of championship courses stretching from one end of the state to the other, all designed by one of the grand masters of 20th century golf architecture.

The Trail was the brainchild of David G. Bronner, a transplanted Minnesotan who took over management of the Alabama pension fund in the early 1970s. Bronner brought with him the radical notion that Alabama money ought to be invested in building the state's future. Over the years, he's funded a number of worthy projects, but the Robert Trent Jones Golf Trail will surely be his defining legacy.

Today the Trail is a powerful engine of tourism revenues and an increasingly valuable tool for economic development. It generates over 600,000 rounds a year, at an average cover of \$70. Roughly half the rounds are played by out-of-state golfers, a growing portion of which are from Europe and Japan. This year's revenues are expected to top \$40 million, with total revenues since its inception climbing above \$600 million.

That's just a small part of the story. The ancillary impacts run well into the billions of dollars, starting with the \$150 million or so that visiting golfers pump into the Alabama economy each

year for meals, lodging, retail sales, entertainment and the like. The Trail has also spurred residential and commercial construction around it. At Ross Bridge outside of Birmingham, for example, there's a new Renaissance hotel and conference center surrounded by a residential community with over 500 executive homes, representing a capital investment of well over \$500 million.

Alabama's 15-year rise as a golf designation has been driven by vision, public/private cooperation and aggressive promotion. I wish we could say the same here in North Carolina. Instead, at the state government level, our golf policy has mainly been one of benign neglect. It's a sad fact that not one head of Travel & Tourism in the last 25 years has been a golfer. For much of that time, golf promotion in our state has been left in the hands of people who think Donald Ross was Betsy's husband.

As the adopted home state of Donald Ross and Tom Fazio – the two best designers of the last hundred years – North Carolina should never take a back seat to anyone in golf. Great golf courses are our birthright. When a group of Yankees or foreign visitors wants to come south for a golf holiday, North Carolina should be first on their list, not Florida, not Myrtle Beach – and surely not Alabama.... (Editor's Note: Don't you just love it!) ■

Change Agents

Source: Jack and Suzy Welch
www.welchway.com

...Count us in on the debate about what kind of person in general – and especially, what kind of person in business – has the qualities to really make change happen.

Before you can even talk about the characteristics of true change agents, you need to acknowledge the single, critical trait they all share: power.

...Change agents in business, in other words, have to be leaders. And yet, as you know, not all leaders are change agents. Which brings us to three other traits that strike us as essential: First, true change agents see a future no one else does, and that vision won't let them rest.

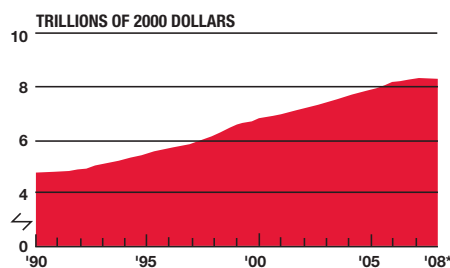
...Typically, they've risen through the ranks because they've seen around corners before, and they're recognized for what they are, serial visionaries. Second, change agents have the courage to bet their careers.

True change agents are willing to take bold action – and accept the consequences. They know that leading change can be messy, with few clear-cut answers about how events will play out. They understand that companies push back any change initiative and that they will take the brunt of it if things go wrong, termination included.

Finally, change agents have something about them that galvanize teams and turns people on. Perhaps the biggest misconception about change agents is that they're Lone Ranger types. In fact, the most effective change agents have a fervent core of supporters, cultivated through intensity and caring. No doubt, along the way, change agents have learned that whether they deploy fat raises or kicks in the pants, change happens faster and deeper in organizations when people are emotionally engaged – and they have a knack for making that happen. In the end, you know a true change agent when you see their people buy into a change effort not to avoid punishment but to reap its great reward. . . . ■

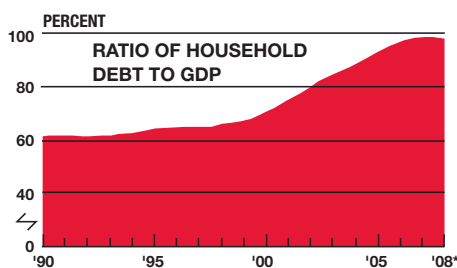
LIVING LARGE

Personal consumption has soared as has household debt



*As of July 31

Data: U.S. Commerce Dept. Bureau of Economic Analysis



Data: U.S. Federal Reserve, BEA

ENJOY YOUR WINTER
A Special Deal
FOR RSA MEMBERS

**The Battle House,
A Renaissance Hotel – Mobile – \$89**
• Dec. 1, 11–30 • Jan. 1–2, 7–12, 25–27
• Feb. 1–5, 8–12, 16–18

**The Renaissance Riverview Plaza –
Mobile – \$79**
• Dec. 1, 14–26 • Jan. 1–2, 7–12
• Feb. 1–4, 25–26

Marriott Grand – \$89 plus a 14% resort fee
• Dec. 1–6, 12–22, 26–30
• Jan. 1–11, 16–20, 23–25 • Feb. 6–8, 15, 26–28

Marriott Grand – RSA Golf Package – \$169
Ask for code – LOCD
Includes: Deluxe Room, One Round of Golf for Two People.
Call for Tee Times after booking package
• Dec. 12–22, 26–31 • Jan. 1–11, 16–20, 23–25
• Feb. 6–8, 15, 26–28

Marriott Shoals – Florence – \$79
• Dec. 1–4, 14–17, 21–26
• Jan. 1–5, 15–19, 25–27
• Feb. 2–3, 5–9, 15–17, 22

Renaissance Ross Bridge – Hoover – \$89
• Dec. 1–8, 12–30 • Jan. 1–4, 18–19
• Feb. 1–2, 8–9, 15, 23–24

Opelika Marriott – \$79
• Dec. 1–5, 7–17, 20–31
• Jan 1–11, 13–16, 18–20, 23–29
• Feb. 1–5, 8, 11–12, 15, 22–26

Prattville Marriott – \$79
• Dec. 1, 5–7, 9, 14, 17, 19–31
• Jan. 1–6, 11–14, 16–18, 20, 22, 25–28, 30–31
• Feb. 1–9, 11–12, 16–19, 21–25

Renaissance Montgomery – \$89
• Dec. 14–17, 20–31 • Jan. 1–4, 6–12, 18–19
• Feb. 7, 15, 21

RSA Spa Package – \$159
Ask for code – LOCD Includes Deluxe Room
• Dec. 16–17, 23–24, 30–31
• Jan. 6–8

*Book early because the rooms are limited
at these special rates. These rates are not applicable
to groups or conventions.*

Code: RABM, 800-228-9290

A Great Gift Idea for Alabama Golfers

If you are a true golf nut, the RTJ Annual Pass is the perfect deal for you. For just \$1,360 plus tax, you can play unlimited golf year-round at all the RTJ courses (excluding Lakewood and Ross Bridge).

The 2009 Trail Card for \$39.95 plus tax, is perfect for those who play several times a month. By saving from \$10 to \$45 every time you play (savings vary by location), the Trail Card more than pays for itself. It is our way of saying thank you to Alabama residents who have supported The Trail. You can also receive 15% off the retail price of RTJ Golf Trail merchandise, discounted range balls, plus a 10% discount off personal golf instruction from any RTJ golf professional.

With a 2009 Trail Card, you can play for these low rates for greens fees and cart:

- **\$34.95** weekdays and **\$39.95** weekends and holidays at Cambrian Ridge, Highland Oaks, Magnolia Grove, Silver Lakes and The Shoals.
- **\$39.95** weekdays and **\$44.95** weekends and holidays at Hampton Cove and Grand National.
- **\$44.95** weekdays and **\$49.95** weekends and holidays at Capitol Hill and Oxmoor Valley.
- **\$79.95** weekdays and **\$84.95** weekends and holidays at Ross Bridge.

Call any site to purchase or go to www.rtgolf.com.



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RSA Web site
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TRS - December 9th • PEHIP - December 10th • ERS - December 15th